

BEFORE THE
Federal Communications Commission
WASHINGTON, D.C. 20554

In the Matter of)	
)	
Facilitating the Provision of Spectrum-Based)	
Services to Rural Areas and Promoting)	WT Docket No. 02-381
Opportunities for Rural Telephone Companies)	
To Provide Spectrum-Based Services)	
)	
2000 Biennial Regulatory Review)	
Spectrum Aggregation Limits)	WT Docket No. 01-14
For Commercial Mobile Radio Services)	
)	
Increasing Flexibility To Promote Access to and)	
the Efficient and Intensive Use of Spectrum and)	WT Docket No. 03-202
the Widespread Deployment of Wireless)	
Services, and To Facilitate Capital Formation)	
 To: The Commission		

REPLY COMMENTS OF SOUTHERN LINC

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EXECUTIVE SUMMARY

Southern LINC, a subsidiary of Southern Company and provider of commercial mobile radio service in rural and urban areas, joins several commenters in supporting the FCC's efforts to promote the deployment of spectrum-based services in rural areas.

In particular, Southern LINC urges the FCC to adopt a uniform definition of "rural area," based on county population data and recent congressional guidance. While commenters were unable to agree on a specific definition, Southern LINC has formulated a three-part definition that balances commenters' requests for administrative convenience with their desire for a standard flexible enough to ensure that the new rural initiatives benefit the most needy communities.

The FCC should also accede to commenter requests for flexible performance requirements. A diverse group of licensees recommends the option of either a population-based, geographic-based, or substantial service standard. While the substantial service alternative would enable licensees to serve rural areas without forfeiting their licenses in the process, the adoption of the FCC's proposed rural safe harbor would satisfy those commenters that require regulatory certainty.

Southern LINC and numerous other commenters further recommend that the FCC focus on market-based mechanisms, instead of new regulatory requirements, to promote rural deployment and service. For example, the adoption of a performance requirement for the renewal term would impose uneconomic burdens and actually decrease rural deployment. The reclamation of unused portions of the geographic area during the initial license term would similarly create unnecessary administrative burdens for licensees and the FCC. Commenters agree that the FCC should give the spectrum leasing rules a chance

to succeed before effectively undermining them as a means to promote spectrum-based service in rural areas with other regulatory requirements.

Although Southern LINC supports rural deployment through market forces, it agrees with commenters that the FCC could increase access to the capital essential to rural deployment through carefully structured financial incentives, such as a rural bidding credit and a streamlined universal service program.

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To: The Commission

REPLY COMMENTS OF SOUTHERN LINC

Southern Communications Services, Inc. d/b/a Southern LINC ("Southern LINC"), through its undersigned counsel, respectfully submits these Reply Comments in the above-captioned matter pursuant to Section 1.415 of the Federal Communications Commission's ("FCC") rules. In this proceeding, the FCC requested comment on methods by which it could promote the rapid and efficient deployment of wireless services in rural areas.¹

I. BACKGROUND

In its initial Comments, Southern LINC expressed its support for the FCC's efforts to promote the deployment of spectrum-based services in rural areas. Specifically,

¹ In re Facilitating the Provision of Spectrum-Based Services to Rural Areas and Promoting Opportunities for Rural Telephone Companies to Provide Spectrum-Based Services, WT Docket Nos. 02-381, 01-14, 03-202, *Notice of Proposed Rulemaking*, 18 FCC Rcd 20802 ¶ 10 (2003) [hereinafter *Rural NPRM*].

Southern LINC proposed a new definition of "rural area" based on population-density, advised the FCC to maintain a uniform standard of defining spectrum "use," recommended giving licensees the option of population-based, geographic-based, or substantial service benchmarks for satisfying their performance requirements, opposed the imposition of additional performance requirements for the renewal term, and asked the FCC to establish the county as the minimum geographic area for all future auctions.

Several other commenters made similar recommendations in their initial comments. In these Reply Comments, Southern LINC identifies many points of agreement between the commenters, reconciles differences among the proposals, and addresses other issues raised in the comments.

II. THE FCC SHOULD ADOPT A UNIFORM COUNTY-BASED DEFINITION OF "RURAL AREA"

Southern LINC agrees with commenters that support a uniform definition of "rural area," based on county population data.²

A uniform definition of "rural area" is necessary for administrative convenience. In the *NPRM*, the FCC had requested comment on "whether a uniform definition of 'rural area' is appropriate to the proposals discussed in this item, or whether the definition of 'rural area' should differ depending upon the particular regulatory initiative at issue."³ OPASTCO and RTG note that "a concrete, easy-to-apply 'rural' definition will allow the Commission to target its rural-oriented spectrum policies toward the rural communities in

² *E.g.*, Comments of the Organization for the Promotion and Advancement of Small Telecommunications Companies and the Rural Telecommunications Group, WT Docket No. 03-202, 2-3 (Dec. 29, 2003) [hereinafter *OPASTCO/RTG Comments*].

³ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 10.

most need of advanced wireless services."⁴ While some commenters suggested using a flexible definition of "rural area,"⁵ including different standards for licensing and operation,⁶ the use of multiple definitions would merely introduce confusion and complicate spectrum management. Rural should be rural for all purposes.

Administrative convenience also requires the FCC to use the county as the basis for the "rural area" definition. In the *NPRM*, the FCC praised the administrative simplicity of using county population data, observing that "county boundaries are widely known and rarely change, all FCC-defined market areas are comprised of counties, and a considerable amount of data at the county level exists."⁷ While the FCC would benefit from the adoption of a county population density definition, licensees would also find this standard to be advantageous because counties are already the common denominator for defining geographic service areas for mobile services. In addition, the FCC's use of a county-based definition of "rural area" for the past several years counsels against the abrupt change to a definition based on a different geographic unit.

Commenters generally support the use of county population data to define "rural areas," referring approvingly to the existing standard of 100 persons or fewer per square mile.⁸ While Southern LINC also favors a county-based, population density definition, it

⁴ *OPASTCO/RTG Comments* at 3.

⁵ Comments of the Cellular Telecommunications & Internet Association, WT Docket No. 03-202, 4 (Dec. 29, 2003) [hereinafter *CTIA Comments*]; Comments of Rural Cellular Association, WT Docket No. 03-202, 4-5 (Dec. 29, 2003) [hereinafter *RCA Comments*]; Comments of Nextel Partners, Inc., WT Docket No. 03-202, 13-14 (Dec. 29, 2003) [hereinafter *Nextel Partners Comments*].

⁶ *RCA Comments* at 5.

⁷ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 12.

⁸ *CTIA Comments* at 4; *RCA Comments* at 4-5 (complaining that a population density standard would be "impractical to understand and administer," while affirmatively

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recommends using an enhanced definition based on recent congressional guidance.⁹ In particular, Southern LINC proposes that the FCC define the term "rural area" to include any county within the United States and appropriate territories that (1) has less than 20,000 inhabitants per the 2000 Census results; (2) is not located within a Metropolitan Statistical Area; and (3) has an overall population of less than 100 inhabitants per square mile. Although some commenters oppose using a definition that requires some monitoring for changes,¹⁰ all population density standards, by definition, fluctuate based on migration trends. In addition, as requested by OPASTCO and RTG, Southern LINC's definition focuses on sparsely populated regions, ensuring that the FCC would "apply its definition to aid only those truly "rural areas" of the country"11

III. LICENSEES SHOULD HAVE GREATER FLEXIBILITY TO SATISFY THEIR APPLICABLE PERFORMANCE REQUIREMENTS

A diverse group of rural carriers, large CMRS providers, trade associations, and other entities join Southern LINC in supporting the availability of either a population-based, geographic-based, or substantial service performance requirement for all geographic

choosing a population density standard as its preferred definition of "rural area."); *OPASTCO/RTG Comments* at 3; *see also Nextel Partners Comments* at 14 (supporting the retention of the existing definition); Comments of Cingular Wireless, WT Docket No. 03-202, 10 (Dec. 29, 2003) (same) [hereinafter *Cingular Wireless Comments*]. Itron's opposition to a county-based definition appears to stem primarily from the possibility of interference resulting from the proposal for higher power levels in rural areas. Comments of Itron, Inc., WT Docket No. 03-202, 6 (Dec. 29, 2003). Although Southern LINC appreciates the difficulty of operating low-power unlicensed devices in a hostile environment, the FCC should address this issue through the high power proposal in this *NPRM* rather than through the definition of "rural area."

⁹ Pub. L. No. 107-171, 116 Stat. 134 § 6103 (codified as 7 U.S.C. § 601 (2003)).

¹⁰ *RCA Comments* at 4; *OPASTCO/RTG Comments* at 3.

¹¹ *OPASTCO/RTG Comments* at 3.

area licensees. Commenters also favor the adoption of a rural safe harbor to provide more certainty for carriers selecting the substantial service alternative.

A. The Substantial Service Alternative Provides Licensees with the Flexibility to Serve Rural Areas

Geographic area licensees should have the option of satisfying either a population-based, geographic-based, or substantial service performance requirement. The FCC has repeatedly cited increased service to rural areas as a fundamental reason for adopting a substantial service alternative.¹² In the *NPRM*, the FCC again noted that "the substantial service option provides licensees with greater flexibility and therefore may result in the more efficient use of spectrum and the provision of service to rural, remote, and insular areas."¹³

Commenters affirm that the addition of a substantial service alternative would encourage build-out in rural areas.¹⁴ CTIA observes that this alternative "will provide carriers in rural areas a greater incentive and ability to raise necessary capital and to construct facilities and provide services that are situated to the needs of the rural area."¹⁵ A

¹² In re Amendment of the Commission's Rules to Establish New Personal Communications Services, Narrowband PCS, GEN Docket No. 90-314, ET Docket No. 92-100, *Second Report and Order and Second Further Notice of Proposed Rule Making*, 15 FCC Rcd 10456, 10470 ¶ 26 (2000); In re Amendment of Part 90 of the Commission's Rules to Facilitate Future Development of SMR Systems in the 800 MHz Frequency Band, PR Docket No. 93-144, *Memorandum Opinion and Order on Reconsideration*, 14 FCC Rcd 17556, 17568 ¶ 18 (1999).

¹³ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 37 (citing In re Amendment of Commission's Rules to Establish Part 27, the Wireless Communications Service ("WCS"), GN Docket No. 96-228, *Report and Order*, 12 FCC Rcd 10785, 10843 ¶ 111-112 (1997)).

¹⁴ *Cingular Wireless Comments* at 4 n.11; CTIA at 5; Comments of the Wireless Communications Association International, Inc., WT Docket No. 03-202, 7 (Dec. 29, 2003); Comments of the National Rural Telecommunications Cooperative, WT Docket No. 03-202, 4-5 (Dec. 29, 2003) [hereinafter *NRTC Comments*].

¹⁵ *CTIA Comments* at 5. CTIA and Southern LINC also concur that a substantial service alternative would harmonize the performance requirements for all geographic area

(continued...)

substantial service alternative would also allow licensees to offer service in otherwise unserved rural areas rather than having to duplicate the efforts of urban carriers just to meet the population-based performance requirement. Under a population-based requirement, a carrier seeking to offer exclusively rural service often could not cover enough of the geographic area's population to retain its license. For example, National Rural Telecommunications Cooperative attests that a substantial service alternative is necessary to permit the use of its 220 MHz system to serve predominantly rural areas.¹⁶

While a substantial service alternative, by itself, does not guarantee that all licensees will serve rural areas,¹⁷ the additional flexibility of this alternative undoubtedly improves the likelihood of rural deployment. Although some licensees may not take advantage of this additional flexibility, the FCC has already found that "the current population- or geographic area-specific benchmarks may impinge upon licensees' ability to serve niche or less populated areas, and may unintentionally discourage construction in rural areas."¹⁸ Thus, adopting a substantial service alternative would at least provide licensees with the opportunity to target unserved rural areas.

licensees, increasing regulatory parity among comparable services. *Compare CTIA Comments* at 5 *with* Comments of Southern LINC, WT Docket No. 03-202, 7-8 (Dec. 29, 2003).

¹⁶ *NRTC Comments* at 4 ¶ 5.

¹⁷ Comments of UTStarcom, Inc., WT Docket No. 03-202, 9-10 (Dec. 29, 2003) (complaining that a substantial service alternative is counterproductive because licensees could satisfy the requirement by serving urban areas and travel routes) [hereinafter *UTStarcom Comments*]; Comments of the Blooston Law Firm, WT Docket No. 03-202, 16 (Dec. 29, 2003) [hereinafter *Blooston Comments*].

¹⁸ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 36.

B. A Rural Safe Harbor Would Provide Regulatory Certainty

While flexibility is the defining characteristic of the substantial service alternative, Southern LINC and several commenters agree that the FCC should adopt a rural safe harbor to quell any residual concerns over the precise level of service necessary to meet this requirement.¹⁹ Specifically, the FCC should deem a licensee "to have met the substantial service requirement if [the licensee] provides coverage, through construction or lease, to at least 75 percent of the service area of at least 20 percent of the 'rural' counties with its licensed area."²⁰ This safe harbor, incorporating Southern LINC's three-part definition of "rural area" discussed above, would provide regulatory certainty, while still granting licensees the flexibility to demonstrate substantial service through some other business plan.

IV. THE FCC SHOULD RELY ON MARKET-BASED MECHANISMS TO PROMOTE RURAL DEPLOYMENT INSTEAD OF IMPOSING NEW REGULATORY REQUIREMENTS

Southern LINC agrees with numerous commenters that the FCC should permit the market to determine when the provision of service to rural areas has become economically viable. Specifically, Southern LINC opposes the adoption of additional regulatory mandates, such as a performance requirement for the renewal term or a "keep-what-you-use" approach to license reclamation. The FCC should instead permit licensees to pursue rural deployment through market-based mechanisms, such as the spectrum leasing rules.

¹⁹ *CTIA Comments* at 5; Comments of Dobson Communications, WT Docket No. 03-202, 16 (Dec. 29, 2003) [hereinafter *Dobson Communications Comments*]; *Blooston Comments* at 17; *RCA Comments* at 9. As explained in greater detail below, Southern LINC does not ascribe to Rural Cellular Association's request for reclamation by a date certain of any area that remains unserved after the licensee has satisfied the substantial service requirement.

²⁰ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 41.

A. Geographic-Area Licensees Should Not Have to Satisfy Another Performance Requirement during the Renewal Term

The FCC should not adopt an additional performance requirement for the renewal term. Rural carriers,²¹ large CMRS providers,²² and a CMRS trade association²³ join Southern LINC in supporting the use of a market-based approach to rural deployment. These commenters demonstrate that a government-mandated deployment schedule would carry uneconomic consequences and actually decrease the availability of spectrum-based services in rural areas. Before the FCC implements any new performance requirement for the renewal term, it should allow secondary markets to develop and attempt to increase access to capital through financial incentives.

The mandatory build-out of rural areas would impose an uneconomic burden on licensees. The FCC has "recognize[d] that the inherent economic challenges of providing telecommunications services in sparsely populated, expansive rural areas are of significant importance to any carrier that serves or is considering serving these areas."²⁴ AT&T Wireless affirms that these challenges control the deployment of rural service, noting that wireless providers already "have every incentive to expand their rural service as soon as economically feasible."²⁵ A requirement of uneconomic deployment in the form of a new performance requirement would negate established business plans and undermine auction

²¹ *Dobson Communications Comments* at 17; *Nextel Partners Comments* at 17-19.

²² *Cingular Wireless Comments* at 3-5; Comments of AT&T Wireless Services, Inc., WT Docket No. 03-202, 7 (Dec. 29, 2003) [hereinafter *AT&T Wireless Comments*].

²³ *CTIA Comments* at 6-7.

²⁴ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 4.

²⁵ *AT&T Wireless Comments* at 7 (stating that "[n]ot only do wireless carriers want to satisfy consumer demand for connectivity," but they also need to recoup the money paid at auction for the licenses).

integrity, "only serv[ing] to diminish shareholder value in investments made in auctioned spectrum based on existing rules."²⁶

Although UTStarcom hypothesized that requiring additional build-out would promote the expansion of service offerings to rural areas,²⁷ the imposition of an additional performance requirement could actually decrease rural deployment. The FCC has acknowledged the dangers of inefficient deployment, conceding that "in the long run some of these providers would go out of business . . . [and] caus[e] a loss of service and other inconvenience to consumers."²⁸ Commenters agree that the prospect of an additional performance requirement could cause carriers to "cease providing service in marginally profitable areas to avoid costly and unprofitable expansion obligations."²⁹ AT&T Wireless asserts that "[r]eplacing market-based policies with regulatory burdens, far from promoting faster deployment, is as likely to have the opposite of its intended effect, driving competitors out of the market by subjecting them to performance requirements that are not economically sustainable in more sparsely populated areas." Even if the prospect of uneconomic deployment of wireless service to rural areas did not force these carriers out of the market, it could reduce the overall quality of their service by "limiting [their] ability to raise capital[] and by dictating that capital funds be diverted from areas where additional construction or upgrades are necessary"³⁰

The FCC should trust market forces to determine the appropriate time for rural deployment rather than adopting an uneconomic performance requirement for the renewal

²⁶ *Nextel Partners Comments* at 18; see *Cingular Wireless Comments* at 7.

²⁷ *UTStarcom Comments* at 11.

²⁸ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 6; see *Cingular Wireless Comments* at 7.

²⁹ *Cingular Wireless Comments* at 4; see *AT&T Wireless Comments* at 7.

³⁰ *CTIA Comments* at 6.

term. For example, the FCC recently eliminated many marketplace barriers to spectrum leasing "with the belief that secondary markets would facilitate investment in rural areas."³¹ Because these rules, which have not yet taken effect, hold tremendous promise to resolve the issues raised in this proceeding, Southern LINC and several commenters caution the FCC to "refrain from adopting any regulations designed to spur deployment in rural areas until it has had the opportunity to evaluate the success of its *Secondary Markets* initiative."³² In conjunction with the secondary markets approach, the FCC could also increase access to capital through financial incentives, such as a rural bidding credit or universal service funding, to enhance service in rural areas that are not economically viable under the secondary markets approach.

B. The FCC Should Not Reclaim Unconstructed Portions of Geographic-Based Licenses

Southern LINC also opposes the adoption of a "keep what you use" approach to license reclamation, under which the FCC would reclaim any unconstructed portion of the geographic area license halfway through the license term.³³ Although the FCC recognizes that it should not apply this approach retroactively,³⁴ the "keep what you use" approach is also inappropriate for future spectrum allocations because it would impose new administrative burdens, encourage litigation, and delay the provision of service. The FCC

³¹ In re Promoting Efficient Use of Spectrum Through Elimination of Barriers to the Development of Secondary Markets, WT Docket No. 00-230, *Report and Order and Further Notice of Proposed Rulemaking*, 18 FCC Rcd 20604 (2003).

³² *Cingular Wireless Comments* at 5; see *Nextel Partners Comments* at 18; *CTIA Comments* at 7; *Dobson Communications Comments* at 9-10.

³³ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 15, 26; *OPASTCO/RTG Comments* at 5-6.

³⁴ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 25.

should instead continue to use the "complete forfeiture" model for license reclamation, while relying on market forces to further rural deployment of spectrum-based services.

The adoption of a "keep-what-you-use" approach would impose several unnecessary administrative burdens on licensees and the FCC. Under this approach, licensees would have to comply with several new reporting obligations, such as filing engineering studies and maps of their coverage areas.³⁵ While these regulatory filings would require licensees to devote scarce resources to preparing the materials, they would also require the FCC to review and approve the filings at great time and expense.³⁶ Dobson Communications, a rural carrier that has experience with similar rules in the cellular context, also reports that the "keep what you use" approach encourages litigation as licensees inevitably squabble over the retention or expansion of their service areas,³⁷ thus increasing the FCC's adjudicative responsibilities.³⁸ In addition to wasting valuable licensee and FCC resources, the delay inherent in the preparation, review, and litigation of these filings would postpone the deployment and provision of service to rural areas.³⁹

The "keep what you use" approach is also a regulatory anachronism that has no place in contemporary spectrum management policy. The FCC adopted this requirement for the cellular service but has apparently never employed this approach for any other geographically licensed service. The adoption of the "keep what you use" approach is particularly inappropriate for 800 MHz Specialized Mobile Radio licensees because it

³⁵ *OPASTCO/RTG Comments* at 6.

³⁶ *Dobson Communications Comments* at 14-15.

³⁷ *Id.* at 14.

³⁸ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 15 (citing Wireless Telecommunications Bureau Approves Settlement Agreement between WWC License L.L.C. and WWC Holding Co., Inc. and N.W. Colorado Cellular Inc., *Public Notice*, 17 FCC Rcd 26148 (2002)).

³⁹ *Dobson Communications Comments* at 15.

would effectively transform their geographic area licenses back into site-specific licenses, an approach for allocating new SMR licenses that the FCC abandoned years ago.

Southern LINC instead recommends the "complete forfeiture" approach to license reclamation for future spectrum allocations, under which the FCC reclaims the entire license if the licensee failed to meet its performance requirement. While the FCC speculated that this approach would result in a lower likelihood of service to rural areas,⁴⁰ CTIA points out that the use of the "complete forfeiture" approach for recent spectrum allocations has actually resulted in "speedier deployment of service to rural areas by enabling carriers to attract capital and deploy their services in a cost-effective manner."⁴¹

The FCC should also continue to rely on market-based mechanisms to promote the deployment of spectrum-based service to rural areas. While AT&T Wireless assures that "carriers serving rural areas have the incentive to put spectrum to use as soon as practicable,"⁴² Southern LINC and several other commenters advise the FCC to wait and see if the spectrum leasing rules will facilitate the deployment of spectrum-based services in rural areas before drastically altering the license reclamation rules.⁴³

V. FINANCIAL INCENTIVES ARE NECESSARY TO INCREASE ACCESS TO CAPITAL

In the *NPRM*, the FCC sought comment on ways to "facilitate increased access to capital to fund build out and provision of spectrum-based facilities and services in rural and underserved areas."⁴⁴ While Southern LINC joins numerous other commenters to

⁴⁰ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 16.

⁴¹ *CTIA Comments* at 9.

⁴² *AT&T Wireless Comments* at 7.

⁴³ *E.g.*, *Nextel Partners Comments* at 15; *Dobson Communications Comments* at 9-10.

⁴⁴ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 10.

emphasize the availability of increased funding,⁴⁵ Southern LINC believes that any regulatory mechanism should operate in harmony with the market to resolve the fundamental economic issues that contribute to the lack of rural deployment. In particular, Southern LINC recommends (1) the distribution of auction bidding credits for wireless providers that will serve rural areas and (2) the revision of the wireless eligible telecommunications carrier ("ETC") rules for universal service.

A. The FCC Should Offer Bidding Credits to Licensees Serving Rural Areas

The FCC should increase access to capital by creating financial incentives that reward wireless providers for serving rural areas. Numerous commenters request the provision of this funding through pre- or post-auction bidding credits. For example, AT&T Wireless and Rural Cellular Association propose that the FCC accept unused spectrum and geographic license areas in exchange for a monetary credit toward a carrier's future auction purchases.⁴⁶ Blooston Rural Carriers also suggests enhanced bidding credits that would reduce a licensee's final payment by an amount equal to the percentage of coverage of a rural area in relation to the entire service area.⁴⁷

While these licensees focus on the use of bidding credits as a means to entice licensees to partition or disaggregate their spectrum to rural carriers, the FCC would also advance the rural deployment of spectrum-based services by offering these incentives

⁴⁵ *E.g., Nextel Partners Comments* at 8-12; *AT&T Wireless Comments* at 9-12; *Dobson Communications Comments* at 7-9; *OPASTCO/RTG Comments* at 11-12; *CTIA Comments* at 12-15; *Blooston Comments* at 12-14; *RCA Comments* at 12-14.

⁴⁶ *AT&T Wireless Comments* at 10; Comments of Rural Cellular Association, WT Docket No. 02-381, 12 (Feb. 3, 2003). In addition, Corr Wireless and AT&T Wireless suggest a "reverse discount" for licensees that partition portions of their service areas to rural carriers. *AT&T Wireless Comments* at 10; Comments of Corr Wireless, WT Docket No. 02-381, 9-10 (Feb. 3, 2003) [hereinafter *Corr Wireless Comments*].

⁴⁷ *Blooston Comments* at 13-14.

directly to carriers that plan to serve rural areas. Specifically, Southern LINC asks the FCC adopt a bidding credit for licensees that intend to serve rural areas that is similar to the bidding credit currently available to rural telephone companies.⁴⁸

This financial incentive would help licensees defray the expense of deploying infrastructure and providing service to rural areas within their geographic license areas. In addition to promoting service to rural areas, this proposal would place the FCC in the same position it would have occupied if a small business or rural telephone company had purchased the service area at auction.⁴⁹ Finally, because the rural bidding credit would be available to all licensees that serve rural areas, this proposal would not provide an unfair competitive advantage to any class of carrier.

B. The FCC Should Revise the Wireless Eligible Telecommunications Carrier Rules for Universal Service

The FCC should make universal service funding more readily accessible to wireless ETCs. While the FCC has acknowledged the importance of direct subsidy programs to promoting the availability of service in rural areas,⁵⁰ Southern LINC agrees with AT&T Wireless, Dobson Communications, Nextel Partners, and CTIA that a universal service subsidy "will create an incentive for carriers to serve uneconomic areas."⁵¹ Other commenters have also extolled universal service funding as "an effective method of

⁴⁸ 47 C.F.R. § 1.2110 (2002).

⁴⁹ *AT&T Wireless Comments* at 10; *Corr Wireless Comments* at 10.

⁵⁰ *Rural NPRM*, 18 FCC Rcd 20802 ¶ 12 n.17.

⁵¹ *Dobson Communications Comments* at 8; *see Nextel Partners Comments* at 8-9; *AT&T Wireless Comments* at 11-12; Comments of Smith Bagley, Inc., WT Docket No. 02-381, 6 (Feb. 3, 2003) (stating that the ETC rules provide "exactly the right incentive for [carriers] to extend service into areas that would otherwise not be economically feasible to construct and maintain").

encouraging the deployment of a variety of new and innovative telecommunications services to rural, remote, and tribal lands."⁵²

Although the universal service program is already in place, Southern LINC supports several proposed modifications to the current procedures to provide expeditious access to these funds. For example, AT&T Wireless notes that the ETC designation procedures currently "entail a difficult, multi-layered process for wireless carriers that often takes years to complete."⁵³ Dobson Communications and Nextel Partners complain that approval of these ETC applications frequently takes longer than the six-month time period provided for in the FCC's guidelines because of incumbent local exchange carrier opposition.⁵⁴ AT&T Wireless also warns the FCC not "to adopt proposals that could discourage wireless carriers from obtaining ETC status, such as an equal access requirement or primary line limitations."⁵⁵ Thus, the FCC should simplify the ETC application process, resolve contested applications within a reasonable period of time, decline to impose any burdensome obligations on ETCs, and otherwise encourage access to universal service funds as an immediate source of financial support for rural deployment.

⁵² *AT&T Wireless Comments* at 11 (citing Comments of Cellular Telecommunications & Internet Association, WT Docket No. 02-381, 5 (Feb. 3, 2003); Comments of Western Wireless Corporation, WT Docket No. 02-381, 19-22 (Feb. 3, 2003); Comments of Monet Mobile Networks, Inc., WT Docket No. 02-381, 8 (Feb. 3, 2003)).

⁵³ *Id.* (citing Comments of Western Wireless Corporation, WT Docket No. 02-381, 19-20 (Feb. 3, 2003)).

⁵⁴ *Dobson Communications Comments* at 7-9; *Nextel Partners Comments* at 8-9.

⁵⁵ *AT&T Wireless Comments* at 11.

WHEREFORE, THE PREMISES CONSIDERED, Southern LINC respectfully requests that the FCC consider these Reply Comments and proceed in a manner consistent with the views expressed herein.

Respectfully submitted,

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Dated: January 26, 2004

CERTIFICATE OF SERVICE

I, Christine Biso, hereby certify that on January 26, 2004, the foregoing "Reply Comments" were served as indicated on each of the following:

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/s/ Christine Biso
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